



1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE INDIANA ECONOMY

The importance of small business to the state of Indiana is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Indiana had 121,801 businesses with employees; 97.7 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 166,000 self-employed persons in 1996, for an estimated total of 287,801 businesses.

Small Business Income - The income of sole proprietors and partners rose 5.1 percent to \$8.6 billion in 1996, while wage-and-salary income rose 4.9 percent. Total personal income rose 4.9 percent to \$84.8 billion. The state also exported \$12.1 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 167,300 women-owned businesses in Indiana, including part-time firms, employing 521,200 people and generating \$53.3 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 70.1 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 42.3 percent from 1987 to 1992, totaling 8,349 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 72.0 percent during the same time period with 2,454 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,808 in 1987, to 3,193 in 1992, representing a 76.6 percent increase.

Business Turnover - The number of new firms decreased 0.7 percent, while new business incorporations decreased 1.4 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 10.2 percent and business failures increased by 5.6 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Indiana decreased from 226 in 1994 to 206 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
CITIZENS FIRST ST BK	Hartford City
FIRST CMNTY B&T	Bargersville
SCOTT COUNTY ST BK	Scottsburg
STATE BK MARKLE	Markle
FARMERS ST BK	Mentone
FOWLER ST BK	Fowler
FIRST NB OF WARSAW	Warsaw
PEOPLES L&TB	Winchester
STAR FNCL BK NEW CASTLE	New Castle
CITIZENS ST BK NEW CASTLE	New Castle
CENTIER BK	Whiting
1ST SOURCE BK	South Bend

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 71.0 percent of the small business growth with 155,202 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	103,112	52,090	25,654	37,654	(47,746)	170,764
Manufacturing	3,300	8,680	7,211	11,041	(31,664)	(1,430)
Retail Trade	15,141	3,419	408	2,306	(11,853)	9,420
Services	53,231	22,620	11,334	16,295	12,654	116,134
Other	31,440	17,372	6,700	8,011	(16,882)	46,641

Industries - The composition of small business in Indiana is very diverse. The Eating & Drinking Places industry is the largest small business employer in Indiana, followed by Health Services. The fastest growing industry for small business is Electric, Gas, & Sanitary Services (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Indiana by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	2,315,038	100.0	51.4
Health Services	8000	246,921	10.7	42.8
Eating & Drinking Places	5800	181,637	7.8	63.8
Business Services	7300	106,264	4.6	52.1
Transportation Equipment	3700	105,263	4.5	17.4
Wholesale Trade - Durable Goods	5000	78,364	3.4	76.0

Table 2, Top Five Small Business Industries in Indiana by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	1,188,839	100.0	51.4
Eating & Drinking Places	5800	115,851	7.8	63.8
Health Services	8000	105,774	10.7	42.8
Special Trade Contractors	1700	66,199	3.1	91.2
Wholesale Trade - Durable Goods	5000	59,530	3.4	76.0
Business Services	7300	55,401	4.6	52.1

Table 3, Fastest Growing Industries for Small Business in Indiana, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	1,181,328	1,188,839	7,511	0.6
Electric, Gas, & Sanitary Services	3,130	3,584	454	14.5
Miscellaneous Repair Services	7,889	8,481	592	7.5
Motor Freight Transportation & Warehousing	28,721	30,788	2,067	7.2
Electronic & Electrical Equipment & Components Except Computer	10,546	11,281	735	7.0
Fabricated Metal Products Except Machinery	31,193	33,299	2,106	6.8

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.